GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2183
ANSWERED ON:11.12.2015
Embezzlement of Funds
Bhamre Dr. Subhash Ramrao

Will the Minister of FINANCE be pleased to state:

(a) whether incidents of alleged embezzlement of funds in the public/private sector banks have been reported in the recent past;
(b) if so, the details thereof including the amount involved therein during each of the last three years and the current year, year-wise;
(c) whether the Government has conducted any inquiry in this regard, if so, the details and the outcome thereof;
(d) whether bank officials have been found involved therein and if so, the details thereof along with the action taken against the erring officials/ persons found involved therein, bank−wise; and
(e) whether the banks have refunded the embezled money to customers, if so, the details thereof and if not, the reasons therefor along with the remedial measures taken/being taken by the Government to protect the interests of the customers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) to (e): Reserve Bank of India (RBI) maintains data for Public Sector Banks (PSBs)/Private Sector Banks(Pvt. SBs) under the category 'Frauds' which inter-alia includes cases of embezzlement of funds. Separate data for embezzlement is not maintained. Fraud cases of Rs.1 lakh and above reported by PSBs &Pvt. SBs in deposit accounts (i.e. Saving, Current and Term) where staff was involved at the time of initial reporting are given below:

Year wise No of cases Amount involved in Crore
2012-13 179 133.07
2013-14 143 138.86
2014-15 203 52.26
April 2015 − Sept. 2015 64 8.88

In all such cases of fraud, the bank undertakes an investigation and takes action including fixing of the staff accountability as per the applicable disciplinary rules.

The Banks compensate customers in cases of embezzlement of funds as per RBI's Master Circular dated 01.07.2014 on "Customer Service in Banks" and the Banks' Board approved policy.
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